

111TH CONGRESS
1ST SESSION

H. R. 4147

To provide for rollover treatment to traditional IRAs of amounts received
in airline carrier bankruptcy.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2009

Mr. LEWIS of Georgia (for himself and Mr. DAVIS of Kentucky) introduced
the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for rollover treatment to traditional IRAs of
amounts received in airline carrier bankruptcy.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ROLLOVER OF AMOUNTS RECEIVED IN AIRLINE**

4 **CARRIER BANKRUPTCY.**

5 (a) GENERAL RULES.—

6 (1) ROLLOVER OF AIRLINE PAYMENT
7 AMOUNT.—If a qualified airline employee receives
8 any airline payment amount and transfers any por-
9 tion of such amount to a traditional IRA within 180
10 days of receipt of such amount (or, if later, within

1 180 days of the date of the enactment of this Act),
2 then such amount (to the extent so transferred)
3 shall be treated as a rollover contribution described
4 in section 402(c) of the Internal Revenue Code of
5 1986. A qualified airline employee making such a
6 transfer may exclude from gross income the amount
7 transferred, in the taxable year in which the airline
8 payment amount was paid to the qualified airline
9 employee by the commercial passenger airline car-
10 rier.

11 (2) TRANSFER OF AMOUNTS ATTRIBUTABLE TO
12 AIRLINE PAYMENT AMOUNT FOLLOWING ROLLOVER
13 TO ROTH IRA.—A qualified airline employee who
14 made a rollover of an airline payment amount to a
15 Roth IRA pursuant to section 125 of the Worker,
16 Retiree, and Employer Recovery Act of 2008, may
17 transfer to a traditional IRA all or any part of the
18 Roth IRA attributable to such rollover, and the
19 transfer to the traditional IRA will be deemed to
20 have been made at the time of the rollover to the
21 Roth IRA, if such transfer is made within 180 days
22 of the date of the enactment of this Act. A qualified
23 airline employee making such a transfer may exclude
24 from gross income the airline payment amount pre-
25 viously rolled over to the Roth IRA, to the extent an

1 amount attributable to the previous rollover was
2 transferred to a traditional IRA, in the taxable year
3 in which the airline payment amount was paid to the
4 qualified airline employee by the commercial pas-
5 senger airline carrier.

6 (3) EXTENSION OF TIME TO FILE CLAIM FOR
7 REFUND.—A qualified airline employee who excludes
8 an amount from gross income in a prior taxable year
9 under paragraph (1) or (2) may reflect such exclu-
10 sion in a claim for refund filed within the period of
11 limitation under section 6511(a) (or, if later, April
12 15, 2011).

13 (b) TREATMENT OF AIRLINE PAYMENT AMOUNTS
14 AND TRANSFERS FOR EMPLOYMENT TAXES.—For pur-
15 poses of chapter 21 of the Internal Revenue Code of 1986
16 and section 209 of the Social Security Act, an airline pay-
17 ment amount shall not fail to be treated as a payment
18 of wages by the commercial passenger airline carrier to
19 the qualified airline employee in the taxable year of pay-
20 ment because such amount is excluded from the qualified
21 airline employee's gross income under subsection (a).

22 (c) DEFINITIONS AND SPECIAL RULES.—For pur-
23 poses of this section—

24 (1) AIRLINE PAYMENT AMOUNT.—

1 (A) IN GENERAL.—The term “airline pay-
2 ment amount” means any payment of any
3 money or other property which is payable by a
4 commercial passenger airline carrier to a quali-
5 fied airline employee—

6 (i) under the approval of an order of
7 a Federal bankruptcy court in a case filed
8 after September 11, 2001, and before Jan-
9 uary 1, 2007, and

10 (ii) in respect of the qualified airline
11 employee’s interest in a bankruptcy claim
12 against the carrier, any note of the carrier
13 (or amount paid in lieu of a note being
14 issued), or any other fixed obligation of the
15 carrier to pay a lump sum amount.

16 The amount of such payment shall be deter-
17 mined without regard to any requirement to de-
18 duct and withhold tax from such payment
19 under sections 3102(a) and 3402(a).

20 (B) EXCEPTION.—An airline payment
21 amount shall not include any amount payable
22 on the basis of the carrier’s future earnings or
23 profits.

24 (2) QUALIFIED AIRLINE EMPLOYEE.—The term
25 “qualified airline employee” means an employee or

1 former employee of a commercial passenger airline
2 carrier who was a participant in a defined benefit
3 plan maintained by the carrier which—

4 (A) is a plan described in section 401(a) of
5 the Internal Revenue Code of 1986 which in-
6 cludes a trust exempt from tax under section
7 501(a) of such Code, and

8 (B) was terminated or became subject to
9 the restrictions contained in paragraphs (2) and
10 (3) of section 402(b) of the Pension Protection
11 Act of 2006.

12 (3) TRADITIONAL IRA.—The term “traditional
13 IRA” means an individual retirement plan (as de-
14 fined in section 7701(a)(37) of the Internal Revenue
15 Code of 1986) which is not a Roth IRA.

16 (4) ROTH IRA.—The term “Roth IRA” has the
17 meaning given such term by section 408A(b) of such
18 Code.

19 (d) SURVIVING SPOUSE.—If a qualified airline em-
20 ployee died after receiving an airline payment amount, or
21 if an airline payment amount was paid to the surviving
22 spouse of a qualified airline employee in respect of the
23 qualified airline employee, the surviving spouse of the
24 qualified airline employee may take all actions permitted
25 under section 125 of the Worker, Retiree and Employer

1 Recovery Act of 2008, or under this section, to the same
2 extent that the qualified airline employee could have done
3 had the qualified airline employee survived.

4 (e) EFFECTIVE DATE.—This section shall apply to
5 transfers made after the date of the enactment of this Act
6 with respect to airline payment amounts paid before, on,
7 or after such date.

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